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**DE PSC Announces the Release of the Technical Consultant's
Final Report on Delmarva's 2012-2013 SOS Process**

Today, the Delaware Public Service Commission (DE PSC), released The Liberty Consulting Group, Inc.'s (its Technical Consultant) Final Report assessing the conduct and results of Delmarva's electric Standard Offer Service (SOS) reverse auction process for the procurement year 2013-14. Delmarva successfully contracted to secure all of the outstanding needs for full-requirement service for Delaware's SOS customers – those who have not chosen an alternative supplier. The Liberty Consulting Group found that the solicitation was robustly competitive and that the resulting prices were consistent with market conditions. They also determined that the process was fair, transparent and conducted in conformance with Commission Orders on the procurement process.

Since generation rate caps were lifted on May 1, 2006, Delmarva, pursuant to Commission Order No. 6598 and the Settlement Agreements, has completed eight SOS procurements. The first procurement was completed in February of 2006, and each year thereafter until the eighth, completed in February of this year. The procurement process for the recently completed procurement used a reverse auction process that relies upon bidders' awareness of the actions of other bidders in an attempt to drive prices down.

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Of the eight companies eligible to bid in this year's RFP, all eight actually bid. Of the eight bidders, six won a portion of Delmarva's SOS needs. The winning suppliers were: Hess Corporation; Exelon; Macquarie Energy LLC; NextEra Energy Power Marketing, LLC.; Shell Energy North America (US), L.P.; and DTE Energy Trading, Inc.

For this eighth procurement, Delmarva held two separate auctions, November 2012 and February 2013, in which they received and ranked bids for four different customer classes. In total, Delmarva sought and acquired a total of approximately 460 MW of Peak Load for full-requirements SOS service. For the Residential class, Delmarva sought 36-month contracts accounting for approximately 33% of the SOS need. The average winning load-weighted price for this class was \$76.77/MWh, slightly more than 7.5% lower than bids last year. The remaining 67% of load will be supplied under 36-month contracts procured in the previous two years. For the remaining three classes (larger commercial and industrial customers), Delmarva sought 12-month contracts comprising 100% of the needs. Average winning load-weighted prices for these classes ranged from \$70.14/MWh to \$78.16/MWh and ranging from 0.7% lower to 7.2% higher than last year. For the large commercial and industrial customers the contracts from this solicitation will replace contracts from last year. Based on the bid prices alone¹, the Medium General Service customers will see an approximate 7.2% rate increase, Large General Service Customers will see an approximate 2.8% rate increase, and General Service customers will see an approximate rate decrease of 0.7 percent.

The contracts from this solicitation for residential and small commercial and industrial customers will replace contracts procured in the 2009-2010 procurement. This will result in an approximate 3%¹ reduction in the average monthly bill for residential customers and an approximate 4%¹ reduction in the average monthly bill for Small General Service customers. While energy prices have declined from the 2009-2010 RFP, capacity prices have increased since that time.

The full version of the Technical Consultant's Final Report can be found on the DE PSC's website at <http://www.depsec.delaware.gov/sos.shtml>

¹ This does not account for adjustments to the Procurement Cost (PCA), Transmission, Renewable Portfolio Standard (RPS) and Reasonable Allowance for Retail Margin